



SARAS GROUP

comments on the resolution by the Italian authority for electricity and gas dated 15 November 2006 (CIP6)

Resolution No. 249/06, dated 15 November 2006 from the Autorità per l'energia elettrica e il gas (the Italian authority for electricity and gas) modifies the criteria for evaluating the fuel cost component of the price of the electricity generated by CIP 6 plants, including the one owned by Saras' subsidiary Sarlux.

Saras believes that the above mentioned resolution is unlawful for several reasons and informs that consequently Sarlux reserves the right to challenge the resolution before the relevant Courts and to take any other action that may be advisable to protect its rights.

If, notwithstanding the legal action, the resolution is confirmed, Saras' preliminary estimate is that the negative impact on the Group's Ebitda will range from Euro 20 and 30 Million per year.

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THE SARAS GROUP

The Saras Group, whose operations were launched by Angelo Moratti in 1962, works in the energy industry and is a leading Italian and European crude oil refiner. It sells and distributes petroleum products in the domestic and international markets. The Group also operates in electric power production and sale through the Sarlux and Parchi Eolici Ulassai joint-ventures.

The Group, with around 1,750 employees, had revenues totalling about € 5.2 billion, in 2005, with gross operating margin of € 570 million and net profit of € 293 million.¹

Saras' operations are mainly centred at the Sarroch refinery near Cagliari on the southern coast of Sardinia. Sarroch is the largest refinery in the Mediterranean by production capacity,² one of Western Europe's six *supersites*³. The refinery's actual capacity⁴ is approximately 15 million tonnes per year, representing about 15% of Italy's total capacity. Sarlux owns an IGCC power plant with gross capacity of 575 megawatts and annual production exceeding 4 billion kWhours, all of which is sold to the GSE (the Italian entity that manages renewable sources), thereby providing an important contribution to satisfying electric power requirements in Sardinia.

¹ Source: 2005 IFRS consolidated financial statements of the Saras Group.

² Source: *Oil & Gas Journal*, December 2005.

³ The word "supersite" refers to a strategic site of large size, competitive on a major scale and integrated with petrochemical processing (Source: Wood Mackenzie)

⁴ Actual capacity: "technical-balanced" capacity, supported by secondary processing plants fit for the production of petrol and gas oils.